



BIENNIAL PERFORMANCE AUDIT OF THE BALTIMORE CITY HEALTH DEPARTMENT

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OUTLINE

1. Audit Objectives and Scope
2. FYs 2021 and 2020 Grant Awards
3. Subrecipients Monitoring
4. Risk and Potential Effects
5. Findings
6. Implementation Status of Prior Findings
7. Questions?

AUDIT OBJECTIVE AND SCOPE

- To determine whether BCHD has effective monitoring controls over sub-recipients to comply with Federal and Maryland State (State) regulations.
- Follow-up on prior findings and recommendations included in the previous Biennial Performance Audit Report
- Fiscal Years 2021 and 2020



FYS 2021 AND 2020 GRANT AWARDS AND SUBRECIPIENTS FUNDING (FEDERAL AND STATE) ¹

FY2021	Amount	Number of Awards²
Total Grant Awards Received	\$145,078,967	102
Total Subrecipient Funding	\$39,934,075	210
Ryan White Subrecipient Funding	\$15,035,458	88
Percentage of Subrecipient Funding Awarded to Ryan White	38 Percent	42 Percent
 FY2020	 Amount	 Number of Awards²
Total Grant Awards Received	\$79,303,934	65
Total Subrecipient Funding	\$33,943,343	179
Ryan White Subrecipient Funding	\$19,929,111	93
Percentage of Subrecipient Funding Awarded to Ryan White	59 Percent	52 Percent

Note: ¹ The numbers are based on the grants and subrecipients list provide by BCHD.

² One Subrecipient can have multiple awards.

SUBRECIPIENTS MONITORING AND BENEFITS OF MONITORING

I. Subrecipients monitoring

- The granting entities require oversight of subrecipients.
- It includes reviewing the operational and fiscal practices of the subrecipients.

II. Benefits of monitoring

- Identifying and correcting internal control problems timely
- Producing more accurate and reliable information
- Aids in preparing financial statements
- Allows entities to provide periodic certifications or assertions the effectiveness of internal control

RISK AND POTENTIAL EFFECTS

I. Key Risk

- Noncompliance

II. Potential Effects of Non-compliance

- Withholding of cash payments pending correction of the deficiency
- Wholly or partially suspending or terminating the Federal award
- Disallowing all or part of the cost of the activity not in compliance
- Withholding further Federal awards for the project or program

FINDING I

Caption - Ineffective Subrecipient Monitoring Cannot Confirm Whether Grant Funds Are Being Used in Compliance with Terms and Conditions of Awards.

Condition – BCHD's internal control system over monitoring is not structured to provide effective monitoring of subrecipients.

FINDING I (CONTINUED...)

I. Overall Monitoring Conditions

1. There is no coordinated effort to oversee the monitoring activities over all subrecipients
2. Lack of a comprehensive monitoring schedule
3. Lack of complete subrecipient population detail

FINDING I (CONTINUED...)

4. Federal Grant Subrecipients

- BCHD only monitored the recipients of federal funding under the Ryan White program.
- For FY2020 and FY2021 BCHD monitored approximately 50% of Ryan White subs. However, they should have monitored 100%.
 - FY2021 – 19 of 35, or 54 %
 - FY2020 – 18 of 36, or 50%
- BCHD selected either the Part A or Part B funding stream to monitor the Ryan White program. According to BCHD, this satisfies monitoring requirements for all funding streams. However, Health Resources and Services Administration (HRSA) requires Part A and Part B to be monitored independently.

FINDING I (CONTINUED...)

5. State Grant Subrecipients

- BCHD does not monitor all State grant subrecipients; instead, they monitor only those State funded recipients receiving Ryan White State Special Grant Funds.
 - FY2021 – One of 23, or four percent of Ryan White State Special subrecipients monitored
 - FY2020 – Two of 23, or nine percent of total Ryan White State Special subrecipients monitored

FINDING I (CONTINUED...)

II. Single Audit Reporting and Follow-up

1. BCHD stated some of the subrecipients who expended more than \$750,000 in federal awards were a year or more behind in obtaining their Single Audit.

The Department of Audits found:

- Twelve submitted their Single Audit report for both FY2021 and 2020
- Five only submitted their Single Audit report in FY2020
- The remaining five did not submit their Single Audit report in either year

2. The BCHD does not follow up with subrecipients to address any findings noted in subrecipients' Single Audit reports.

FINDING I (CONTINUED...)

III. Desk Reviews

1. BCHD does not consistently review time and effort reports for payroll charges
2. Fiscal monitoring checklist does not address period of performance. However, according to BCHD, they have a practice of examining if expenditures were spent in allowable time when reviewing expenditure documentation.
3. BCHD answers a yes or no question for program income but does not test or verify for program income.
4. BCHD did not have procedures to guide staff to follow up with subrecipients who did not provide documentation for the desk audit.

FINDING I (CONTINUED...)

5. Although BCHD performs desk reviews, BCHD did not include all grant requirements in their review process. For example,

- In one subrecipient review, rent and utilities were charged as direct cost rather than charging them as indirect cost. This is an unallowable cost per Ryan White terms and conditions.
- There is no evidence of review of program income
- There is no evidence of subrecipients providing Single Audit reports

FINDING I (CONTINUED...)

Cause I

- Lack of formal (written, dated, approved) policy and procedures (P&P) for subrecipient monitoring. BCHD has a drafted P&P. However, it does not consider key elements, for example:
 - Requirement to follow up on Single Audit findings
 - Programmatic monitoring requirements
 - Record and retention policies of completed monitoring reports
 - Policy focuses on only those subrecipients receiving federal funding but should encompass those that do not as well.

FINDING I (CONTINUED...)

Cause II

- BCHD did not perform a risk assessment of subrecipients as required by Federal regulations for FY21 or FY20. Although BCHD has a draft risk assessment template for subrecipients monitoring, it lacks key considerations, for example:
 - Programs designated as high risk by the federal government, grants that are new or will be closing out
 - Programs that have received substantial increase or decrease in funding
 - Consideration of entities that may have become suspended or debarred during the year

IMPLEMENTATION STATUS OF PRIOR FINDINGS

SERVICE	PERFORMANCE MEASURE	IMPLEMENTATION STATUS
717 – Environmental Inspection Services	Percent of Mandated Food Service Facility Inspections Completed	Partially Implemented
718 – Chronic Disease Prevention	Percent of Tobacco Outlets Checked for Compliance with Baltimore City Laws	Partially Implemented



Questions?